

TOWNSHIP OF WORTH  
Sanilac County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Worth	County Sanilac
Fiscal Year End March 31, 2008	Opinion Date June 6, 2008	Date Audit Report Submitted to State June 11, 2008	

We affirm that:


We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707			
Authorizing CPA Signature 	Printed Name Mark J. Campbell	License Number 1101007803	

TOWNSHIP OF WORTH  
Sanilac County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

June 6, 2008

To the Township Board  
Township of Worth  
Sanilac County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Worth, Sanilac County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Worth's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Worth, Sanilac County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF WORTH  
Sanilac County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

FINANCIAL HIGHLIGHTS

Worth Township's financial status remained stable over the last year. On March 31, 2008, net assets for governmental activities totaled \$3,729,219.59. Overall total capital assets remained approximately the same.

Overall revenues were \$1,373,610.40 from governmental activities. Governmental activities had a \$136,590.70 decrease in net assets.

Worth Township did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General, Liquor Enforcement, Public Improvement, Building Department, Street Lighting, Trash Collection, Debt Service and Capital Projects Funds.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

**CONDENSED FINANCIAL INFORMATION**  
For the year ended March 31, 2008

	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Current Assets	7 942 882	7 404 094
Capital Assets	<u>7 791 805</u>	<u>7 265 971</u>
Total Assets	<u>15 734 687</u>	<u>14 670 065</u>
Current Liabilities	4 260 657	3 861 925
Non-current Liabilities	<u>7 608 220</u>	<u>7 078 920</u>
Total Liabilities	<u>11 868 877</u>	<u>10 940 845</u>
Net Assets:		
Invested in Capital Assets	183 585	187 052
Restricted	2 927 543	2 585 824
Unrestricted	<u>754 682</u>	<u>956 344</u>
Total Net Assets	<u><u>3 865 810</u></u>	<u><u>3 729 220</u></u>
	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u> <u>2008</u>
Program Revenues:		
Fees and Charges for Services	1 045 240	881 664
General Revenues:		
Property Taxes	100 861	106 063
State Revenue Sharing	281 926	283 817
Interest	89 839	97 965
Miscellaneous	<u>9 845</u>	<u>4 102</u>
Total Revenues	<u>1 527 711</u>	<u>1 373 611</u>
Program Expenses:		
Legislative	70 564	78 247
General Government	166 761	199 859
Public Safety	214 897	198 803
Public Works	656 260	615 720
Interest on Long-Term Debt	<u>446 337</u>	<u>417 572</u>
Total Expenses	<u>1 554 819</u>	<u>1 510 201</u>
Increase (Decrease) in Net Assets	(27 108)	(136 590)
Net Assets, April 1	<u>3 892 918</u>	<u>3 865 810</u>
Net Assets, March 31	<u><u>3 865 810</u></u>	<u><u>3 729 220</u></u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, Liquor Enforcement, Public Improvement, Building Department, Street Lighting, Trash Collection, Debt Service and Capital Projects Funds.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains strong.

The LWTUA Water System Bonds, Series 1998 are due to be expired in 2018 incurred current year principal payments of \$34,300.00.

The LWTUA Water System Improvement Project Series 2000a and due to be expired in 2020 incurred current year principal payments of \$425,000.00.

The Capital Improvement Bond for the Township Hall established in 2002 and due to be expired in 2017 incurred current year principal payments of \$20,000.00.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services with total expenditures of \$432,515.33.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$10,758.51 in capital assets this year.

The Township's governmental activities paid \$529,300.00 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Clerk, or Treasurer at P.O. Box 248, Lexington, Michigan 48450, or by calling (810)359-8852 during the hours of 9:00 a.m. and 4:00 p.m. Monday through Thursday.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	3 373 744 43
Cash on hand	200 00
Taxes receivable	19 684 08
Accounts receivable	51 754 87
Special assessments receivable	<u>3 958 710 18</u>
Total Current Assets	<u>7 404 093 56</u>
NON-CURRENT ASSETS:	
Capital Assets	10 633 032 34
Less: Accumulated Depreciation	<u>(3 367 061 05)</u>
Total Non-current Assets	<u>7 265 971 29</u>
TOTAL ASSETS	<u><u>14 670 064 85</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Deferred revenue	<u>3 861 925 26</u>
Total Current Liabilities	<u>3 861 925 26</u>
NON-CURRENT LIABILITIES:	
Bonds payable	260 000 00
Contracts payable	<u>6 818 920 00</u>
Total Non-current Liabilities	<u>7 078 920 00</u>
Total Liabilities	<u>10 940 845 26</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	187 051 29
Restricted for debt service	2 585 824 10
Unrestricted	<u>956 344 20</u>
Total Net Assets	<u>3 729 219 59</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>14 670 064 85</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF WORTH  
Sanilac County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

		<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	78 246 67	-	(78 246 67)
General government	199 858 75	68 990 45	(130 868 30)
Public safety	198 803 14	86 842 25	(111 960 89)
Public works	615 720 12	77 523 60	(538 196 52)
Interest on long-term debt	<u>417 572 42</u>	<u>648 307 42</u>	<u>230 735 00</u>
<b>Total Governmental Activities</b>	<u><u>1 510 201 10</u></u>	<u><u>881 663 72</u></u>	<u><u>(628 537 38)</u></u>
<b>General Revenues:</b>			
Property taxes			106 062 57
State revenue sharing			283 816 51
Interest			97 965 38
Miscellaneous			<u>4 102 22</u>
<b>Total General Revenues</b>			<u><u>491 946 68</u></u>
<b>Change in net assets</b>			(136 590 70)
<b>Net assets, beginning of year</b>			<u><u>3 865 810 29</u></u>
<b>Net Assets, End of Year</b>			<u><u><u>3 729 219 59</u></u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2008

	<u>General</u>	<u>Water #2 Debt Service</u>	<u>Other Funds</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	374 257 06	2 295 354 34	698 186 71	3 367 798 11
Cash on hand	200 00	-	-	200 00
Taxes receivable	19 684 08	-	-	19 684 08
Accounts receivable	51 754 87	-	-	51 754 87
Special assessments receivable	-	3 738 264 58	220 445 60	3 958 710 18
Due from other funds	<u>20 318 97</u>	<u>2 325 70</u>	<u>72 431 14</u>	<u>95 075 81</u>
Total Assets	<u>466 214 98</u>	<u>6 035 944 62</u>	<u>991 063 45</u>	<u>7 493 223 05</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	41 597 04	-	47 532 45	89 129 49
Deferred revenue	<u>-</u>	<u>3 647 796 30</u>	<u>214 128 96</u>	<u>3 861 925 26</u>
Total liabilities	<u>41 597 04</u>	<u>3 647 796 30</u>	<u>261 661 41</u>	<u>3 951 054 75</u>
Fund equity:				
Fund balances:				
Reserved	-	2 388 148 32	197 675 78	2 585 824 10
Unreserved:				
Undesignated	<u>424 617 94</u>	<u>-</u>	<u>531 726 26</u>	<u>956 344 20</u>
Total fund equity	<u>424 617 94</u>	<u>2 388 148 32</u>	<u>729 402 04</u>	<u>3 542 168 30</u>
Total Liabilities and Fund Equity	<u>466 214 98</u>	<u>6 035 944 62</u>	<u>991 063 45</u>	<u>7 493 223 05</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	3 542 168 30
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	10 633 032 34
Accumulated depreciation	(3 367 061 05)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	(260 000 00)
Contracts payable	<u>(6 818 920 00)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u><u>3 729 219 59</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2008

	General	Water #2 Debt Service	Other Funds	Total
<b>Revenues:</b>				
Property taxes	106 062 57	-	-	106 062 57
Licenses and permits	19 050 39	-	54 655 00	73 705 39
State revenue sharing	282 106 01	-	1 710 50	283 816 51
Charges for services - PTAF	55 791 16	-	-	55 791 16
Charges for services - other	26 336 15	-	-	26 336 15
Interest	10 272 23	77 489 94	10 203 21	97 965 38
Special assessments	29 329 50	626 730 30	69 771 22	725 831 02
Miscellaneous	602 22	-	3 500 00	4 102 22
<b>Total revenues</b>	<b>529 550 23</b>	<b>704 220 24</b>	<b>139 839 93</b>	<b>1 373 610 40</b>
<b>Expenditures:</b>				
Legislative				
Township Board	78 246 67	-	-	78 246 67
General government:				
Supervisor	16 043 13	-	-	16 043 13
Elections	1 930 54	-	-	1 930 54
Assessor	39 540 95	-	-	39 540 95
Clerk	24 861 43	-	-	24 861 43
Board of Review	1 390 43	-	-	1 390 43
Treasurer	28 603 74	-	-	28 603 74
Cemetery	250 00	-	-	250 00
Building and grounds	16 520 87	-	36 565 63	53 086 50
Public safety:				
Law enforcement	49 786 00	-	-	49 786 00
Fire protection	40 461 78	-	-	40 461 78
Protective inspection	-	-	52 767 09	52 767 09
Planning and zoning	25 013 77	-	-	25 013 77
Ambulance	30 774 50	-	-	30 774 50
Public works:				
Highways and streets	48 518 20	-	-	48 518 20
Street lights	11 298 22	-	8 472 53	19 770 75
Sanitation	-	-	16 730 00	16 730 00
Weed control	18 206 59	-	-	18 206 59
Watershed	-	-	823 36	823 36
Water	-	-	9 231 22	9 231 22
Capital outlay	1 068 51	-	9 690 00	10 758 51
Debt service	-	853 615 67	93 256 75	946 872 42
<b>Total expenditures</b>	<b>432 515 33</b>	<b>853 615 67</b>	<b>227 536 58</b>	<b>1 513 667 58</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>97 034 90</b>	<b>(149 395 43)</b>	<b>(87 696 65)</b>	<b>(140 057 18)</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	454 173 92	454 173 92
Operating transfers out	(34 175 00)	(387 218 02)	(32 780 90)	(454 173 92)
<b>Total other financing sources (uses)</b>	<b>(34 175 00)</b>	<b>(387 218 02)</b>	<b>421 393 02</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2008

	<u>General</u>	<u>Water #2 Debt Service</u>	<u>Other Funds</u>	<u>Total</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	62 859 90	(536 613 45)	333 696 37	(140 057 18)
Fund balances, April 1	<u>361 758 04</u>	<u>2 924 761 77</u>	<u>395 705 67</u>	<u>3 682 225 48</u>
Fund Balances, March 31	<u>424 617 94</u>	<u>2 388 148 32</u>	<u>729 402 04</u>	<u>3 542 168 30</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (140 057 18)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,  
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(536 592 03)
Capital Outlay	10 758 51

Repayment of debt principal is an expenditure in the governmental funds, the  
repayment does not have an effect in the statement of activities but does  
reduce the debt balance in the statement of net assets.

Principal payments on long-term debt	<u>529 300 00</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(136 590 70)</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Township of Worth, Sanilac County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

**Reporting Entity**

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Worth. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

**Joint Venture**

The Townships of Lexington and Worth jointly formed the Lexington-Worth Township's Utilities Authority on April 3, 1997, to provide water services for the two entities. The joint venture of the Township is not considered a part of the reporting entity of the Township. The Authority is separately audited by other auditors. Separate financial statements of the joint venture should be obtained directly from the Authority at 7227 Huron Avenue in Lexington, Michigan.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds

These funds are used to account for acquisition or construction of major capital facilities other than those financed by proprietary fund expenditures.

Debt Service Funds

These funds are used to record the funding of principal and interest on long-term debt.

Fiduciary Funds

The Current Tax Collection and Agency Funds are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.



TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was .6591 mills, and the taxable value was \$160,451,664.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$150.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	20 years
Equipment	2-10 years
Water system	20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated six financial institutions for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>3 375 822 54</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 3 – Deposits and Investments (continued)

	<u>Bank Balances</u>
Insured (FDIC)	300 993 00
Uninsured and Uncollateralized	<u>3 120 276 92</u>
Total Deposits	<u>3 421 269 92</u>

The Township did not have any investments as of March 31, 2008.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Township manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The financial institution pooled funds and the mutual funds do not have a rating provided by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 4 – Capital Assets**

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<b>Governmental Activities:</b>				
Land	1 615 00	-	-	1 615 00
Buildings	585 000 00	-	-	585 000 00
Equipment	104 078 83	10 758 51	-	114 837 34
Water system	9 931 580 00	-	-	9 931 580 00
<b>Total</b>	<b>10 622 273 83</b>	<b>10 758 51</b>	<b>-</b>	<b>10 633 032 34</b>
Accumulated Depreciation	(2 830 469 02)	(536 592 03)	-	(3 367 061 05)
<b>Net Capital Assets</b>	<b>7 791 804 81</b>	<b>(525 833 52)</b>	<b>-</b>	<b>7 265 971 29</b>

**Note 5 – Interfund Receivables and Payables**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Great Lakes Shores	6 877 10	General	6 877 10
Great Lakes Shores	825 02	Current Tax Collection	825 02
Water #2 Debt Services	2 325 70	Current Tax Collection	2 325 70
Water #1 Construction	30 009 08	Water #1 Debt Service	30 009 08
Water #1 Construction	21 313 04	General	21 313 04
General	2 795 60	Current Tax Collection	2 795 60
Water #2 Construction	2 937 86	General	2 937 86
General	17 523 37	Public Improvement	17 523 37
Building	10 469 04	General	10 469 04
<b>Total</b>	<b>95 075 81</b>	<b>Total</b>	<b>95 075 81</b>

**Note 6 – Building Permits**

As of March 31, 2008, the Township had building permit revenues of \$54,655.00 and building permit expenses of \$52,767.09.

**Note 7 – Changes in Long-Term Debt**

The summary of changes in long-term debt follows:

	Balance 4/1/07	Additions	Deductions	Balance 3/31/08
Hall bonds payable – 2002	280 000 00	-	20 000 00	260 000 00
Contract payable – 2001	700 000 00	-	50 000 00	650 000 00
Contract payable – 2000	6 100 000 00	-	425 000 00	5 675 000 00
Contract payable – 1998	528 220 00	-	34 300 00	493 920 00
<b>Total</b>	<b>7 608 220 00</b>	<b>-</b>	<b>529 300 00</b>	<b>7 078 920 00</b>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

**Note 8 – Hall Bonds Payable – 2002**

On August 29, 2002, the Township of Worth sold its bonds in the amount of \$350,000.00 to fund the construction of a new Township Hall. As of March 31, 2008, the outstanding principal balance on the bonds were \$260,000.00.

<u>Due Date</u>	<u>Principal Amount</u>
6-1-08	20 000 00
6-1-09	20 000 00
6-1-10	25 000 00
6-1-11	25 000 00
6-1-12	25 000 00
6-1-13	25 000 00
6-1-14	30 000 00
6-1-15	30 000 00
6-1-16	30 000 00
6-1-17	30 000 00
Total	<u>260 000 00</u>

**Note 9 – Contract Payable – 2001**

On December 1, 2001, the County of Sanilac sold its bonds in the amount of \$950,000.00 to fund the Sanilac County Water System Improvement Project Phase II Series 2001. The Township of Worth has agreed to pay amounts to the County to cover the bond principal and interest payments as they come due. The Township has pledged its full faith and credit to secure the payments to the County. As of March 31, 2008, the outstanding principal balance on the contract payable was \$650,000.00

<u>Due Date</u>	<u>Principal Amount</u>
5-1-08	50 000 00
5-1-09	50 000 00
5-1-10	50 000 00
5-1-11	50 000 00
5-1-12	50 000 00
5-1-13	50 000 00
5-1-14	50 000 00
5-1-15	50 000 00
5-1-16	50 000 00
5-1-17	50 000 00
5-1-18	50 000 00
5-1-19	50 000 00
5-1-20	50 000 00
Total	<u>650 000 00</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

**Note 10 – Contract Payable – 2000**

On June 6, 2000, the County of Sanilac sold its bonds in the amount of \$8,225,000.00 to fund the Sanilac County Water System Improvement Project Phase II Series 2000. The Township of Worth has agreed to pay amounts to the County to cover the bond principal and interest payments as they come due. The Township has pledged its full faith and credit to secure the payments to the County. As of March 31, 2008, the outstanding balance on the contract payable was \$5,675,000.00.

<u>Due Date</u>	<u>Principal Amount</u>
5-1-08	425 000 00
5-1-09	425 000 00
5-1-10	425 000 00
5-1-11	425 000 00
5-1-12	425 000 00
5-1-13	425 000 00
5-1-14	425 000 00
5-1-15	450 000 00
5-1-16	450 000 00
5-1-17	450 000 00
5-1-18	450 000 00
5-1-19	450 000 00
5-1-20	450 000 00
Total	<u>5 675 000 00</u>

**Note 11 – Contract Payable – 1998**

On December 9, 1998, the County of Sanilac sold its bonds in the amount of \$1,030,000.00, to fund the Sanilac County Water System Improvement Project. The Township of Worth is responsible for 68.6% of the project which amounted to \$706,580.00 and the Township of Lexington is responsible for 31.4% of the project, which amounted to \$323,420.00. The Townships have agreed to pay amounts to the County to cover the bond principal and interest payments as they come due. The Townships have pledged their full faith and credit to secure payments to the County. As of March 31, 2008, Worth Township's outstanding principal balance on the contract payable was \$493,920.00.

<u>Due Date</u>	<u>Principal Amount</u>
5-1-08	34 300 00
5-1-09	37 730 00
5-1-10	41 160 00
5-1-11	41 160 00
5-1-12	44 590 00
5-1-13	44 590 00
5-1-14	48 020 00
5-1-15	48 020 00
5-1-16	51 450 00
5-1-17	51 450 00
5-1-18	51 450 00
Total	<u>493 920 00</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 12 – Pension Plan

The Township does not have a pension plan.

Note 13 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 14 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 15 – Operating Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Water #1 Debt Service	28 801 93	Water #1 Construction	28 801 93
Hall Bond Debt Service	34 175 00	General	34 175 00
Public Improvement	3 978 97	Improvement	3 978 97
Water #2 Construction	124 524 01	Water #2 Debt Service	124 524 01
Water #1 Construction	59 223 33	Water #2 Debt Service	59 223 33
Water #1 Debt Service	203 470 68	Water #2 Debt Service	203 470 68
Total	<u>454 173 92</u>		<u>454 173 92</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Revenues:</b>				
Property taxes	109 983 00	109 983 00	106 062 57	(3 920 43)
Licenses and permits	14 050 00	14 050 00	19 050 39	5 000 39
State revenue sharing	276 508 00	276 508 00	282 106 01	5 598 01
Charges for services – PTAF	48 350 00	48 350 00	55 791 16	7 441 16
Charges for services – other	37 350 00	37 350 00	26 336 15	(11 013 85)
Interest	1 750 00	1 750 00	10 272 23	8 522 23
Special assessments	20 350 00	20 350 00	29 329 50	8 979 50
Miscellaneous	3 500 00	3 500 00	602 22	(2 897 78)
<b>Total revenues</b>	<b>511 841 00</b>	<b>511 841 00</b>	<b>529 550 23</b>	<b>17 709 23</b>
<b>Expenditures:</b>				
Legislative:				
Township Board	71 798 00	79 248 00	78 246 67	(1 001 33)
General government:				
Supervisor	18 200 00	18 200 00	16 043 13	(2 156 87)
Elections	3 950 00	3 950 00	1 930 54	(2 019 46)
Assessor	38 500 00	40 300 00	39 540 95	(759 05)
Clerk	27 300 00	27 300 00	24 861 43	(2 438 57)
Board of Review	2 800 00	2 800 00	1 390 43	(1 409 57)
Treasurer	30 200 00	28 800 00	28 603 74	(196 26)
Building and grounds	10 700 00	22 500 00	16 520 87	(5 979 13)
Cemetery	400 00	400 00	250 00	(150 00)
Public safety:				
Law enforcement	53 410 00	53 410 00	49 786 00	(3 624 00)
Fire protection	19 000 00	55 000 00	40 461 78	(14 538 22)
Planning and zoning	33 625 00	33 625 00	25 013 77	(8 611 23)
Ambulance	30 775 00	30 775 00	30 774 50	(50)
Public works:				
Highways and streets	90 000 00	64 500 00	48 518 20	(15 981 80)
Street lights	17 600 00	17 600 00	11 298 22	(6 301 78)
Weed control	16 000 00	18 250 00	18 206 59	(43 41)
Contingency	30 000 00	40 000 00	-	(40 000 00)
Capital outlay	4 000 00	4 000 00	1 068 51	(2 931 49)
<b>Total expenditures</b>	<b>498 258 00</b>	<b>540 658 00</b>	<b>432 515 33</b>	<b>(108 142 67)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>13 583 00</b>	<b>(28 817 00)</b>	<b>97 034 90</b>	<b>125 851 90</b>
<b>Other financing sources (uses):</b>				
Operating transfers out	(34 175 00)	(34 175 00)	(34 175 00)	-
<b>Total other financing sources (uses)</b>	<b>(34 175 00)</b>	<b>(34 175 00)</b>	<b>(34 175 00)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(20 592 00)</b>	<b>(62 992 00)</b>	<b>62 859 90</b>	<b>125 851 90</b>
<b>Fund balance, April 1</b>	<b>347 932 00</b>	<b>347 932 00</b>	<b>361 758 04</b>	<b>13 826 04</b>
<b>Fund Balance, March 31</b>	<b>327 340 00</b>	<b>284 940 00</b>	<b>424 617 94</b>	<b>139 677 94</b>



TOWNSHIP OF WORTH  
Sanilac County, Michigan

**COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS**  
March 31, 2008

	<u>Public Improvement</u>	<u>Liquor Law Enforcement</u>	<u>Great Lakes Shores</u>	<u>Birch Beach</u>
<b><u>Assets</u></b>				
Cash in bank	59 141 66	4 857 09	24 303 36	4 694 33
Special Assessments receivable	-	-	2 704 04	378 80
Due from other funds	-	-	7 702 12	-
<b>Total Assets</b>	<u>59 141 66</u>	<u>4 857 09</u>	<u>34 709 52</u>	<u>5 073 13</u>
<b><u>Liabilities and Fund Balances</u></b>				
<b><u>Liabilities</u></b>				
Due to other funds	17 523 37	-	-	-
<b>Total Liabilities</b>	<u>17 523 37</u>	-	-	-
<b><u>Fund Balances</u></b>				
Fund balances:				
Unreserved:				
Undesignated	41 618 29	4 857 09	34 709 52	5 073 13
<b>Total Fund Balances</b>	<u>41 618 29</u>	<u>4 857 09</u>	<u>34 709 52</u>	<u>5 073 13</u>
<b>Total Liabilities and Fund Balances</b>	<u>59 141 66</u>	<u>4 857 09</u>	<u>34 709 52</u>	<u>5 073 13</u>

<u>Lexington Heights</u>	<u>Eden Beach</u>	<u>Supervisor's Emigh Road Plat</u>	<u>District #7</u>	<u>Building</u>	<u>Total</u>
2 522 75	606 27	508 25	142 98	9 926 07	106 702 76
412 41	103 60	14 88	23 25	-	3 636 98
-	-	-	-	10 469 04	18 171 16
<u>2 935 16</u>	<u>709 87</u>	<u>523 13</u>	<u>166 23</u>	<u>20 395 11</u>	<u>128 510 90</u>
-	-	-	-	-	17 523 37
-	-	-	-	-	17 523 37
<u>2 935 16</u>	<u>709 87</u>	<u>523 13</u>	<u>166 23</u>	<u>20 395 11</u>	<u>110 987 53</u>
<u>2 935 16</u>	<u>709 87</u>	<u>523 13</u>	<u>166 23</u>	<u>20 395 11</u>	<u>110 987 53</u>
<u>2 935 16</u>	<u>709 87</u>	<u>523 13</u>	<u>166 23</u>	<u>20 395 11</u>	<u>128 510 90</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS**

March 31, 2008

	<u>Public Improvement</u>	<u>Liquor Law Enforcement</u>	<u>Great Lakes Shores</u>	<u>Birch Beach</u>
Revenues:				
Special assessments	-	-	24 654 05	3 980 88
Licenses and permits	-	-	-	-
State revenue sharing	-	1 710 50	-	-
Interest	3 004 22	14 64	207 22	31 96
Miscellaneous	<u>3 500 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>6 504 22</u>	<u>1 725 14</u>	<u>24 861 27</u>	<u>4 012 84</u>
Expenditures:				
General government:				
Building and grounds	36 565 63	-	-	-
Public safety:				
Inspections	-	-	-	-
Public works:				
Watershed	823 36	-	-	-
Street lighting	-	-	1 191 48	3 283 32
Sanitation	-	-	16 730 00	-
Capital outlay	<u>9 690 00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>47 078 99</u>	<u>-</u>	<u>17 921 48</u>	<u>3 283 32</u>
Excess (deficiency) of revenues over expenditures	<u>(40 574 77)</u>	<u>1 725 14</u>	<u>6 939 79</u>	<u>729 52</u>
Other financing sources (uses):				
Operating transfers in	<u>3 978 97</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3 978 97</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(36 595 80)	1 725 14	6 939 79	729 52
Fund balances, April 1	<u>78 214 09</u>	<u>3 131 95</u>	<u>27 769 73</u>	<u>4 343 61</u>
Fund Balances, March 31	<u><u>41 618 29</u></u>	<u><u>4 857 09</u></u>	<u><u>34 709 52</u></u>	<u><u>5 073 13</u></u>

<u>Lexington Heights</u>	<u>Eden Beach</u>	<u>Supervisor's Emigh Road Plat</u>	<u>District #7</u>	<u>Building</u>	<u>Total</u>
2 577 43	663 48	565 44	162 75	-	32 604 03
-	-	-	-	54 655 00	54 655 00
-	-	-	-	-	1 710 50
16 64	4 91	3 42	99	252 23	3 536 23
-	-	-	-	-	3 500 00
<u>2 594 07</u>	<u>668 39</u>	<u>568 86</u>	<u>163 74</u>	<u>54 907 23</u>	<u>96 005 76</u>
-	-	-	-	-	36 565 63
-	-	-	-	52 767 09	52 767 09
-	-	-	-	-	823 36
2 606 16	663 41	565 44	162 72	-	8 472 53
-	-	-	-	-	16 730 00
-	-	-	-	-	9 690 00
<u>2 606 16</u>	<u>663 41</u>	<u>565 44</u>	<u>162 72</u>	<u>52 767 09</u>	<u>125 048 61</u>
<u>(12 09)</u>	<u>4 98</u>	<u>3 42</u>	<u>1 02</u>	<u>2 140 14</u>	<u>(29 042 85)</u>
-	-	-	-	-	3 978 97
-	-	-	-	-	3 978 97
(12 09)	4 98	3 42	1 02	2 140 14	(25 063 88)
<u>2 947 25</u>	<u>704 89</u>	<u>519 71</u>	<u>165 21</u>	<u>18 254 97</u>	<u>136 051 41</u>
<u>2 935 16</u>	<u>709 87</u>	<u>523 13</u>	<u>166 23</u>	<u>20 395 11</u>	<u>110 987 53</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

COMBINING BALANCE SHEET – ALL DEBT SERVICE FUNDS  
March 31, 2008

	<u>Hall Bond Debt Service</u>	<u>Water #1 Debt Service</u>	<u>Water #2 Debt Service</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	-	226 068 82	2 295 354 34	2 521 423 16
Special Assessments receivable	-	129 738 59	3 738 264 58	3 868 003 17
Due from other funds	-	-	2 325 70	2 325 70
Total Assets	-	355 807 41	6 035 944 62	6 391 752 03
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	-	30 009 08	-	30 009 08
Deferred revenue	-	128 122 55	3 647 796 30	3 775 918 85
Total liabilities	-	158 131 63	3 647 796 30	3 805 927 93
Fund balances:				
Reserved for debt service	-	197 675 78	2 388 148 32	2 585 824 10
Total fund balances	-	197 675 78	2 388 148 32	2 585 824 10
Total Liabilities and Fund Balances	-	355 807 41	6 035 944 62	6 391 752 03

TOWNSHIP OF WORTH  
Sanilac County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES- ALL DEBT SERVICE FUNDS  
Year ended March 31, 2008

	<u>Hall Bond Debt Service</u>	<u>Water #1 Debt Service</u>	<u>Water #2 Debt Service</u>	<u>Total</u>
Revenues:				
Special assessments	-	21 577 12	626 730 30	648 307 42
Interest	-	126 48	77 489 94	77 616 42
Total revenues	-	21 703 60	704 220 24	725 923 84
Expenditures:				
Debt service	34 175 00	59 081 75	853 615 67	946 872 42
Total expenditures	34 175 00	59 081 75	853 615 67	946 872 42
Excess (deficiency) of revenues over expenditures	(34 175 00)	(37 378 15)	(149 395 43)	(220 948 58)
Other financing sources (uses):				
Operating transfers in	34 175 00	232 272 61	-	266 447 61
Operating transfers out	-	-	(387 218 02)	(387 218 02)
Total other financing sources (uses)	34 175 00	232 272 61	(387 218 02)	(120 770 41)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	194 894 46	(536 613 45)	(341 718 99)
Fund balances, April 1	-	2 781 32	2 924 761 77	2 927 543 09
Fund Balances, March 31	-	197 675 78	2 388 148 32	2 585 824 10

TOWNSHIP OF WORTH  
Sanilac County, Michigan

COMBINING BALANCE SHEET – ALL CAPITAL PROJECTS FUNDS  
March 31, 2008

	<u>Water #1 Construction</u>	<u>Water #2 Construction</u>	<u>Improvement</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	148 414 72	217 000 41	-	365 415 13
Special Assessments receivable	81 644 08	5 425 95	-	87 070 03
Due from other funds	<u>51 322 12</u>	<u>2 937 86</u>	<u>-</u>	<u>54 259 98</u>
Total Assets	<u>281 380 92</u>	<u>225 364 22</u>	<u>-</u>	<u>506 745 14</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Deferred revenue	<u>80 580 46</u>	<u>5 425 95</u>	<u>-</u>	<u>86 006 41</u>
Total liabilities	<u>80 580 46</u>	<u>5 425 95</u>	<u>-</u>	<u>86 006 41</u>
Fund balances:				
Undesignated	<u>200 800 46</u>	<u>219 938 27</u>	<u>-</u>	<u>420 738 73</u>
Total fund balances	<u>200 800 46</u>	<u>219 938 27</u>	<u>-</u>	<u>420 738 73</u>
Total Liabilities and Fund Balances	<u>281 380 92</u>	<u>225 364 22</u>	<u>-</u>	<u>506 745 14</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL CAPITAL PROJECTS FUNDS  
Year ended March 31, 2008

	<u>Water #1</u> <u>Construction</u>	<u>Water #2</u> <u>Construction</u>	<u>Improvement</u>	<u>Total</u>
Revenues:				
Special assessments	14 022 28	1 567 79	-	15 590 07
Interest	<u>2 916 12</u>	<u>3 608 13</u>	<u>16 25</u>	<u>6 540 50</u>
Total revenues	<u>16 938 40</u>	<u>5 175 92</u>	<u>16 25</u>	<u>22 130 57</u>
Expenditures:				
Public works:				
Water	<u>8 037 02</u>	<u>1 162 20</u>	<u>32 00</u>	<u>9 231 22</u>
Total expenditures	<u>8 037 02</u>	<u>1 162 20</u>	<u>32 00</u>	<u>9 231 22</u>
Excess (deficiency) of revenues over expenditures	<u>8 901 38</u>	<u>4 013 72</u>	<u>(15 75)</u>	<u>12 899 35</u>
Other financing sources (uses):				
Operating transfers in	59 223 33	124 524 01	-	183 747 34
Operating transfers out	<u>(28 801 93)</u>	<u>-</u>	<u>(3 978 97)</u>	<u>(32 780 90)</u>
Total other financing sources (uses)	<u>30 421 40</u>	<u>124 524 01</u>	<u>(3 978 97)</u>	<u>150 966 44</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	39 322 78	128 537 73	(3 994 72)	163 865 79
Fund balances, April 1	<u>161 477 68</u>	<u>91 400 54</u>	<u>3 994 72</u>	<u>256 872 94</u>
Fund Balances, March 31	<u>200 800 46</u>	<u>219 938 27</u>	<u>-</u>	<u>420 738 73</u>



TOWNSHIP OF WORTH  
Sanilac County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year ended March 31, 2008

	<u>Balance</u> <u>4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/08</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in bank	<u>3 150 72</u>	<u>4 805 554 42</u>	<u>4 806 627 03</u>	<u>2 078 11</u>
<u>Liabilities</u>				
Due to other funds	3 150 72	720 836 08	718 040 48	5 946 32
Due to others	<u>-</u>	<u>4 084 718 34</u>	<u>4 088 586 55</u>	<u>(3 868 21)</u>
Total Liabilities	<u>3 150 72</u>	<u>4 805 554 42</u>	<u>4 806 627 03</u>	<u>2 078 11</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in bank	<u>3 982 00</u>	<u>7 150 00</u>	<u>3 800 00</u>	<u>7 332 00</u>
<u>Liabilities</u>				
Due to others	<u>3 982 00</u>	<u>7 150 00</u>	<u>3 800 00</u>	<u>7 332 00</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in bank	<u>7 132 72</u>	<u>4 812 704 42</u>	<u>4 810 427 03</u>	<u>9 410 11</u>
<u>Liabilities</u>				
Due to other funds	3 150 72	720 836 08	718 040 48	5 946 32
Due to others	<u>3 982 00</u>	<u>4 091 868 34</u>	<u>4 092 386 55</u>	<u>3 463 79</u>
Total liabilities	<u>7 132 72</u>	<u>4 812 704 42</u>	<u>4 810 427 03</u>	<u>9 410 11</u>

TOWNSHIP OF WORTH  
Sanilac County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Year ended March 31, 2008

Cash in bank – beginning of year	<u>3 150 72</u>
Cash receipts:	
Property taxes	4 800 991 48
Interest	<u>4 562 94</u>
Total cash receipts	<u>4 805 554 42</u>
Total beginning balance and cash receipts	<u>4 808 705 14</u>
Cash disbursements:	
Township General Fund	170 122 85
Township Special Revenue Funds	28 967 05
Township Water #1 Debt Service Fund	19 961 08
Township Water #2 Debt Service Fund	484 463 05
Township Water #1 Construction Fund	12 958 66
Township Water #2 Construction Fund	1 567 79
Sanilac County	2 071 739 06
Sanilac County Intermediate School District	395 284 21
State of Michigan	2 729 30
Croswell-Lexington School District	1 519 436 69
Moore District Library	88 318 48
Refunds	<u>11 078 81</u>
Total cash disbursements	<u>4 806 627 03</u>
Cash in Bank – End of Year	<u><u>2 078 11</u></u>

# **CAMPBELL, KUSTERER & CO., P.C.**

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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

June 6, 2008

To the Township Board  
Township of Worth  
Sanilac County, Michigan

We have audited the financial statements of the Township of Worth for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of Worth in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Township of Worth  
Sanilac County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

The Township's system of internal control is affected by the size of staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants